

03/16/05

Atlantic Richfield Company

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MAR 21 2005

317 Anaconda Road
Butte, MT 59701
Phone (406) 782-9964

March 18, 2005

Via Express Mail

Le Roy Gore, Chairman
Dolores County Board of County Commissioners
P.O. Box 608
Dove Creek, Colorado 81324

Re: Application for Land Development Agreement – Rico Soil Lead Repository

Dear Mr. Gore:

This correspondence is in response to your February 14, 2005 letter concerning the Application for Dolores County Land Development Agreement ("Application for LDA") submitted to Dolores County on January 20, 2005 for the proposed Rico Soil Lead Repository (the "repository project"). Thank you for your comments regarding the Application for LDA.

The representatives of Rico Renaissance, LLC ("RR"), Rico Properties, LLC ("RP") and Atlantic Richfield Company ("Atlantic Richfield") have considered your comments and have restructured their roles and responsibilities for the repository project. This response and the enclosed letter from RP that confirms its authorization to proceed, describe the manner in which the parties will apply for the requisite approvals and proceed in development of the repository project.

The County's February 14, 2005 letter identifies RR to be the lead entity, acting through Mr. Ramon Escure, as the Applicant for the LDA. Accordingly, the County requests that all formal communications specific to the LDA be sent through and signed by Mr. Escure. As discussed below, Mr. Escure, with the authorization of the landowner, RP, and Atlantic Richfield's concurrence will be the point of contact for the LDA. Atlantic Richfield, with the authorization of the landowner, RP, and RR's concurrence is assuming responsibility for all facets of repository site construction and operation. Atlantic Richfield will also satisfy the financial assurance requirements for the project. Accordingly, the Application for Certificate of Designation ("COD") will be amended to identify Atlantic Richfield as the Applicant. Mr. Escure, as Applicant for the LDA, will handle real property ownership and access matters. Given this sharing of responsibilities for the repository project, Mr. Escure and Chuck Stilwell, as Atlantic Richfield's representative, are signatories to this response.

bp

A BP affiliated
company



In the future, because Atlantic Richfield is generally responsible for accomplishing the purposes of the repository in accordance with applicable federal, state and local requirements, Atlantic Richfield respectfully requests that the County look to Atlantic Richfield as the lead entity and point of contact for matters that concern the COD, financial assurance, and repository operation. Similarly, RR and Atlantic Richfield request that the County look to Mr. Escure as the point of contact for matters that concern access and other real property issues related to the repository project. RR, RP and Atlantic Richfield will continue to coordinate their actions and copy each other on all communications with the County and the State concerning the LDA and the COD.

We look forward to answering any further questions you may have in review of our responses to the County's questions that were set forth in the February 14, 2005 letter.

Applicant for Land Development Agreement

Mr. Ramon Escure, as a representative of Rico Renaissance, LLC, and the agent of the landowner, Rico Properties, LLC has agreed to be the Applicant for the Application for LDA for the repository project. The letter that is included with this submittal confirms that RP has authorized Mr. Escure to handle real property ownership and access matters associated with the repository project on behalf of RP. (RP Letter, Paragraphs 3,4 and 5).

Owner of Repository Site Property

Rico Properties, LLC, c/o Stan Foster, is the current owner of the property on which the proposed repository will be constructed ("repository site property"), as that property is identified in both the Application for LDA and the December 22, 2004 Application for COD. Referring to the enclosed letter, RP confirms its consent and support for use of the repository site property for the repository project. (RP Letter, Paragraphs 1, 3 and 6). As explained more fully below under Repository Project Organization and Management, RP will, upon request, convey title to the repository site property to NorthRico, Inc., a non-profit entity to be formed by Atlantic Richfield, The Town of Rico, and RR.

Access to Repository Site Property

RP consented to access for the site investigations that support the Application for LDA, and as described in the enclosed letter, grants access for development of the repository site property and use of the property for that purpose. In addition, RP has filed an application with the United States Forest Service ("USFS") to obtain a permit for use of the portion of the existing access road across USFS property to the repository site property, and has authorized Mr. Escure to negotiate to obtain that access. (RP Letter, Paragraph 5)

Repository Project Organization and Management

As described in both the Application for LDA and Application for COD, the proposed repository is needed for the disposal of soils removed from Rico townsite properties under the Voluntary Cleanup Plan ("VCUP") that has been submitted to the State of Colorado by Atlantic Richfield, RR and the Town of Rico as co-applicants. VCUP activities are expected to be completed in approximately three to four years. In addition, the repository will be used for the disposal of soils generated by the Town's installation of sewer and water lines.

Atlantic Richfield, as the Applicant for COD, will hold the COD when issued by Dolores County. RP, as confirmed by the enclosed letter, authorizes Atlantic Richfield to seek a COD and develop the repository as the COD Applicant on the repository site property. Atlantic Richfield will initially manage repository development and operation, and will be responsible for meeting the financial assurance requirements related to closure and post-closure care of the repository. The financial assurance will be provided in the amount identified in the Application for LDA using a mechanism approved under state regulations, and will be maintained with the required periodic adjustments.

Atlantic Richfield, RR and the Town of Rico expect to form NorthRico, Inc., a Colorado non-profit corporation, (an exempt organization under Section 501(c)(4) of the Internal Revenue Service code of regulations), that will support environmental cleanup projects that benefit the Rico community. Following the formation of NorthRico, Inc., ownership of the repository site property and operational responsibilities for the repository will be transferred to NorthRico, Inc. (RP Letter, Paragraph 7). In addition, in accordance with 6 C.C.R. 1007-2 § 1.8.4(D), Atlantic Richfield will seek the requisite approvals to transfer the COD to NorthRico, Inc., and Atlantic Richfield will maintain the financial assurance through a corporate guarantee for NorthRico, Inc.'s performance of the COD obligations. Atlantic Richfield will provide the corporate guarantee to NorthRico, Inc. as an entity with which Atlantic Richfield has a "substantial business relationship", as is permitted under Colorado Department of Public Health and Environment ("CDPHE") financial assurance criteria pertaining to solid waste disposal sites and facilities. 6 C.C.R. 1007-2, § 1.8.12. NorthRico, Inc. will thereafter be responsible for operation, closure and post-closure care of the repository under the COD.

Closure of the Repository

The repository will be constructed with volumetric capacity of 40,000 cubic yards for disposal of all soils removed under the VCUP, as well as disposal of soils generated as a result of the Town's upcoming installation of sewer and water lines. Given the volume estimates available for design purposes, there will be excess capacity in the repository, as constructed, that will not be needed for disposal of soils from the VCUP work and the sewer and water line work described above. However, the repository will be closed in accordance with the Engineering Design and Operations Report enclosed with the Application for LDA, with the exception of a

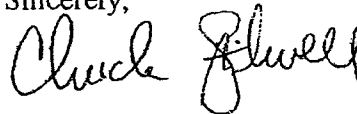
Le Roy Gore
March 15, 2005
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small working area that would remain open to accommodate small-scale local community use after the above described projects are complete.

In the event new residential development of areas outside the Rico townsite occurs in the future, as contemplated under the Rico Town Master Plan, a developer and/or the Town may elect to file applications for a new COD and new Dolores County Land Development Agreement to reopen the repository and utilize the remaining capacity of the repository to support future development. The developer would provide the appropriate financial assurance and comply with all other applicable state and county statutory and regulatory provisions in support of its applications.

We hope that this addresses the County's concerns in a satisfactory manner, and that the Application for LDA can be considered complete for review by County representatives. Atlantic Richfield has received the State's March 14, 2005 letter regarding the Application for the COD and is preparing a response that will be distributed shortly. In the interim, we welcome the opportunity to meet with County representatives at any time to discuss the Application for LDA and related issues. Please feel free to contact me or Mr. Escure if you have any questions regarding this response and enclosures.

Sincerely,



Chuck Stilwell
Atlantic Richfield Company

Concurs: Ramon M. Escure, Esq.
For: Rico Renaissance, LLC and Rico Properties, LLC

cc: Asteghik Khajetoorians / Atlantic Richfield Company
Robin Bullock / Atlantic Richfield Company
Stan Foster / Rico Properties, LLC
Eric Heil / Town of Rico
Mark Walker / CDPHE
Donna Stoner / CDPHE
Dave Allen / Dolores County
Todd Stari / Dolores County
Pat McCoy / United States Forest Service
William Duffy / Davis Graham and Stubbs

Le Roy Gore
March 16, 2005
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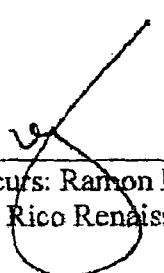
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Sincerely,

Chuck Stilwell
Atlantic Richfield Company


Concurs: Ramon M. Escure, Esq.
For: Rico Renaissance, LLC and Rico Properties, LLC

cc: Asteghik Khajetoorians / Atlantic Richfield Company
Robin Bullock / Atlantic Richfield Company
Stan Foster / Rico Properties, LLC
Eric Heil / Town of Rico
Mark Walker / CDPHE ✓
Donna Stoner / CDPHE
Dave Allen / Dolores County
Todd Starr / Dolores County
Pat McCoy / United States Forest Service
William Duffy / Davis Graham and Stubbs

RICO PROPERTIES, LLC

P.O. Box 924
100 North 2nd Street
DOLORES, COLORADO 81323
(970) 882-2356 Phone • (970) 749-7126 Cellular

March 10, 2005

William J. Duffy, Esq.
Davis Graham and Stubbs, LLP
1550 17th St., Suite 500
Denver, Colorado 80202

Facsimile Transmission
303-893-1379

**Re: Certificate of Designation Application
North Rico Soil Lead Repository**

Dear Bill:

Rico Properties, LLC, is the owner of the Martha and Mervin Patented Mining Claims located approximately 0.75 miles north of Rico, Colorado and the proposed site for the North Rico Soil Lead Repository. I am writing this letter to memorialize the agreement and understanding of Rico Properties, LLC, with regards to the above referenced property and the North Rico Soil Lead Repository.

1. The Atlantic Richfield Company will be the applicant and signatory on the application to the County of Dolores, Colorado, and the Colorado Department of Public Health and Environment for a Certificate of Designation for a soil lead repository to be situated on a portion of the Martha and Mervin Patented Mining Claims.
2. With the exception of a \$15,000 reimbursement from Rico Properties, LLC, the Atlantic Richfield Company shall pay the costs and expenses related to engineering, permitting, constructing, operating, and closing the soil lead repository to be known as the North Rico Soil Lead Repository. The payment

in the amount of \$15,000 shall be made to Short-Elliott Hendrickson, Inc. by April 15, 2005. Interest shall accrue at the rate of seven percent (7.0%) per annum upon such amount after April 15, 2005 until paid in full.

3. Rico Properties, LLC, shall prepare, execute and circulate a letter to the Atlantic Richfield Company, Town of Rico, Dolores County and the Colorado Department of Public Health and Environment and any other party designated by the Atlantic Richfield Company rescinding its denial of access and Rico Properties, LLC, shall grant unfettered access to all agencies, personnel, contractors, subcontractors and interested parties to property owned or controlled by Rico Properties, LLC, for the purpose of engineering, permitting, constructing, operating, and closing the soil lead repository on the above referenced real property. The access granted by Rico Properties, LLC, shall continue for all stages and operations, including closure and post-closure, of the North Rico Soil Lead Repository.
4. Rico Properties, LLC shall prepare and execute a letter to Ramon M. Escure, to represent Rico Properties, LLC, as agent for all real property matters related to completion of the North Rico Soil Lead Repository, including conveyance of the property under paragraph 7 below that is subject to any environmental covenant that may be required by the State of Colorado pursuant to CRS 25-15-321. The letter shall also authorize Ramon M. Escure to execute on behalf of Rico Properties, LLC, a land development agreement with Dolores County concerning the North Rico Soil Lead Repository, and act as agent for Rico Properties, LLC, on all matters related thereto.
5. Rico Properties, LLC, shall apply for and obtain any access permit that may be required by the United States Forest Service for access over the history road to the North Rico Soil Lead Repository and authorizes Rico Renaissance, LLC to negotiate and obtain the same.
6. Rico Properties, LLC, shall cooperate fully with the Atlantic Richfield Company in its application for a Certificate of Designation and shall promptly provide any information or approvals that may be required or reasonably requested by the Atlantic Richfield Company, its contractors or the agencies responsible for permitting the North Rico Soil Lead Repository.
7. Upon written request from the Atlantic Richfield Company, Rico Properties, LLC, shall forthwith execute and deliver its deed conveying the Martha and Mervin Patented Mining Claims, subject to the pre-existing gravel lease, and access thereto for the North Rico Soil Lead Repository to any non-profit corporation designated by the Atlantic Richfield Company.

Atlantic Richfield Company and Rico Renaissance, LLC, are authorized to provide or release copies of this letter to any third party or governmental agency involved in the

engineering, permitting, constructing, operating, and closing of the North Rico Soil Lead Repository on the above referenced real property.

Very truly yours,

RICO PROPERTIES, LLC

Stanley Foster, Manager

Concur: Rico Renaissance, LLC

By: _____


Raton M. Escure, Esq.

Concur: Atlantic Richfield Company

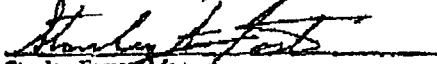
By: _____

William J. Duffy, Esq.

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Very truly yours,

RICO PROPERTIES, LLC


Stanley Foster, Manager

Concur: Rico Renaissance, LLC

By: _____
Ramon M. Escure, Esq.

Concur: Atlantic Richfield Company

By: _____
William J. Duffy, Esq.